



WIFA

Water Infrastructure Finance Authority
of Arizona

Arizona's Clean Water Revolving Fund



Intended Use Plan
Funding Cycle 2005

Governor Janet Napolitano
WIFA Chairman Stephen A. Owens
WIFA Executive Director Jay R. Spector

January 2005

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EXECUTIVE SUMMARY

The Water Infrastructure Finance Authority of Arizona (WIFA) Board of Directors is pleased to release **Arizona's Clean Water Revolving Fund (CWRP) Intended Use Plan (IUP) for the 2005 funding cycle**. The CWRP IUP describes WIFA's plan to utilize various sources of funds to finance water reclamation, wastewater, and related water quality infrastructure during the 2005 funding cycle from January 1, 2005 through December 31, 2005.

Included as *Exhibit A* of the CWRP IUP is the **2005 Priority List (PL)**. The PL shows communities seeking financial assistance from Arizona's CWRP. At the release of this report, communities throughout Arizona submitted **27 applications requesting \$313,345,357 in financial assistance**.

From January 1, 2005 through December 31, 2005, the WIFA Board of Directors will use the PL as a guide to allocate financial assistance from Arizona's CWRP to communities listed in the PL. Each board meeting, the WIFA Board of Directors may revise the PL and modify the fundable range for construction based on project readiness to proceed and other new information. WIFA staff will post the revised PL on the WIFA Web site (www.azwifa.gov). Overall, the financial assistance and related program activities by Arizona's CWRP supports the national program goal of Clean and Safe Water and the national objective to protect and improve water quality (EPA IFMS PRC: 202B80E).

SECTION 1: LENDING CAPACITY

During the 2005 funding cycle, the lending capacity of Arizona's CWRP will depend on the:

1. Amount of state contributions to Arizona's CWRP;
2. Amount of federal contributions to Arizona's CWRP;
3. Financing structure needs of communities;
4. Interest rate on the CWRP financial assistance; and
5. WIFA's ability to partner with other funding sources to jointly-finance projects.

Available funding for funding cycle 2005 has increased in comparison to funding cycle 2004 due to WIFA's 2004 bond sale and the proceeds received from that sale. Overall, the financial assistance and related program activities by Arizona's CWRP supports the national program goal of Clean and Safe Water and the national objective to protect and improve water quality (EPA IFMS PRC: 202B80E).

SECTION 2: FUNDING SOURCES AND USES

Arizona's CWRP is capitalized by state contributions and by contributions appropriated by the U.S. Congress. Once capitalized, Arizona's CWRP provides, in perpetuity, financial assistance to communities throughout Arizona.

Through active portfolio and financial management, WIFA's lending capacity could be increased during the funding cycle by leveraging the revolving fund and by issuing water quality bonds.

During the 2005 funding cycle, Arizona's CWRP will rely on the funding outlined in **Table 1** to provide financial and technical assistance to communities and support WIFA's operations. Each of the intended uses of funding is more fully described after Table 1.

Table 1: Arizona CWRP Sources and Uses for 2005 Funding Cycle

	Federal Contributions	State Contributions*	WIFA Loan Accounts	Total
Funding Sources				
Financial Assistance Funds			\$66,681,076	\$66,681,076
2005 Funds	\$7,343,330	\$1,788,372		\$9,131,702
Total Funding Sources	\$7,343,330	\$1,788,372	\$66,681,076	\$75,812,778
Funding Uses				
Financial Assistance	\$7,049,597	\$1,788,372	\$66,681,076	\$75,519,045
Administration	\$293,733			\$293,733
Total Funding Uses	\$7,343,330	\$1,788,372	\$66,681,076	\$75,812,778

***State match may be either WIFA bonds or state general fund monies.**

The sources and uses for the 2005 funding cycle shown in Table 1 are based on the FY 2005 budget. The federal budget for the CWRF in 2005 is \$609 million of which .6737 percent is available to WIFA.

Financial Assistance: \$75,519,045

WIFA will provide cash funded loans for financial assistance.

Administration: \$293,733

WIFA intends to use four percent (4%) of the 2005 federal contributions to offset the costs of administering Arizona's CWRF and assist communities to conceive, develop, expedite, construct, and finance technically sound and sustainable water reclamation, wastewater and related water quality infrastructure.

SECTION 3: GOALS

WIFA adopts an annual strategic plan listing goals, ongoing objectives, and annual objectives. The goals listed below are taken directly from the WIFA 2004-2005 Strategic Plan. For additional detail on goals, ongoing objectives and annual objectives, please request a copy of the 2004-2005 WIFA Strategic Plan from WIFA's Communications Director, (602) 364-1314.

Goal 1: Award WIFA's resources in accordance with the needs of Arizona's citizens.

Goal 2: Maintain the fiscal integrity of WIFA's funds and assure continuous enhancement for future generations.

Goal 3: Facilitate access to and efficiently deliver financial and technical assistance.

Goal 4: Coordinate with other funding sources, technical resources, and regulatory authorities, and private sector legal and financial counterparts.

Goal 5: Actively pursue a leadership role in water infrastructure finance.

Goal 6: Efficiently administer WIFA within a positive work environment.

Goal 7: Facilitate and encourage board of directors' involvement in WIFA.

SECTION 4: METHOD AND CRITERIA FOR DISTRIBUTING ARIZONA'S CWRF

Lending Capacity for 2005 Funding Cycle – If there are insufficient projects ready to proceed during the 2005 funding cycle, WIFA will apply funds to the FY 2006 funding cycle project priority list. If additional funding becomes available during the fiscal year, WIFA will expand the fundable range of the 2005 funding cycle project priority list.

Each board meeting, the WIFA Board of Directors may update the CWRF PL, fundable range for design and fundable range for construction based on project readiness to proceed, refined project cost estimates, availability of other funding sources, and other new information affecting the expansion and contraction of the PL and fundable ranges. The WIFA Board of Directors will adopt the updated CWRF PL and fundable ranges at public meetings and will distribute the updates to all CWRF PL applicants and other interested parties via WIFA's Web site.

Priority List, Exhibit A – On Wednesday, Oct. 27, 2004, WIFA staff convened a scoring committee including members from the Arizona Department of Environmental Quality, Arizona Department of Water Resources, Arizona Corporation Commission and U.S. Department of Agriculture Rural Development. The committee scored and ranked priority list applications submitted by communities pursuant to WIFA's CWRF award criteria. All eligible applications received appear on the 2005 funding cycle priority list.

Fundable Range for Design, Exhibit B – Includes the highest ranking applicants ready to receive design assistance during the funding cycle.

Fundable Range for Construction, Exhibit C – Includes the highest ranking applicants ready to receive construction assistance.

Market Loan Rate – The WIFA Board of Directors has established a target interest rate ranging between 70 percent and 100 percent of tax-exempt interest or prime rates. The WIFA Board of Directors will set interest rates/subsidies on individual loans pursuant to the:

- ✓ Priority of the project;
- ✓ Local fiscal capacity of the area served by the system requesting assistance; and,
- ✓ Lending capacity of Arizona's CWRF.

Local fiscal capacity will be measured by the area's median household income, user rates and charges, and the community's outstanding debt.

Binding Commitments – The WIFA Board of Directors will allocate financial assistance in accordance with CWRF funds available, the CWRF PL, financial assistance requested, a community's financial capacity, and project readiness to proceed.

Once on the CWRF PL, an applicant will submit a project finance application to request financial assistance. WIFA staff will review the project finance application, analyze the applicant's legal, technical, managerial, and financial capability, and provide recommendations to the WIFA Board of Directors. If the WIFA Board of Directors approves an applicant's financial assistance request, WIFA staff will prepare and circulate financial assistance documents to evidence the binding commitment in accordance with applicable federal requirements.

SECTION 5: PUBLIC REVIEW AND COMMENT

WIFA solicited public review and comment on the draft **2005 CWRF IUP and PL** according to the following schedule of activities:

- November 4, 2004 Distribution and Web posting of the draft CWRF IUP and PL to all interested parties.
- November 16, 2004 Public Hearing – 1110 West Washington, Room #250, Phoenix, Arizona 85007 10 a.m.
- November 23, 2004 Deadline for public comments on the draft CWRF IUP and PL.
- December 8, 2004 The WIFA Board of Directors adopts the final CWRF IUP and PL.
- January 3, 2005 Final CWRF IUP and PL become effective. Distribution and Web posting of Final CWRF IUP and PL.

SECTION 6: ASSURANCES

Files and Records Retention – WIFA will receive and review project documents from financial assistance applicants. These documents will be filed in official project files maintained by WIFA. The project files and other CWRF records will be made available in accordance with the Arizona public records law.

WIFA will retain the official project files and other CWRF files in accordance with 40 CFR Part 31.

Expeditious and Timely Expenditures – In accordance with 40 CFR 35-3135 (d), WIFA will expend CWRF funds in a timely and expeditious manner.

First Use of Funds – In accordance with 40 CFR 35-3135 (e), WIFA has satisfied all applicable first use requirements.

Environmental Review Requirements – In accordance with 40 CFR 35-3140, WIFA will continue to conduct environmental reviews pursuant to applicable federal and state statutes and rules.



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Exhibit A:

2005 Funding Cycle Priority List

Arizona's Clean Water Revolving Fund

Governor Janet Napolitano
WIFA Chairman Stephen A. Owens
WIFA Executive Director Jay R. Spector

Arizona's Clean Water Revolving Fund
2005 Funding Cycle – Priority List for Clean Water Revolving Fund
December 2, 2004

Rank	Applicant	Population	Project Title	Project #		Amount Requested	Subsidy Rate Index
1	Lake Havasu City	7,000	Wastewater System Expansion	011	2005	\$ 55,145,645	75%
2	City of Kingman	3,600	Downtown Wastewater Treatment Plant Upgrade	002	2005	\$ 5,530,000	75%
3	Town of Duncan	350	Phase II Sewer Extension, Hunter Estates, McCarty Flats	029	2005	\$ 300,000	70%
4	Town of Taylor	2,700	Sewer Improvements	008	2005	\$ 1,500,000	70%
5	Virgin River	1,680	WW Collection and Treatment Phase I	010	2005	\$ 3,500,000	75%
6	Pima County Wastewater Management Dept.	933,000	Ina Road WPCF: Denitrification	016	2005	\$ 17,000,000	70%
7	Country Roads	2,600	Septic System Removal and Sewer Connection	003	2005	\$ 4,500,000	75%
8	Town of Florence	11,780	WWTP Effluent Reuse	004	2005	\$ 1,000,000	75%
9	City of Kingman	14,000	System Upgrade	007	2005	\$ 9,000,000	75%
10	Town of Clarkdale	1,875	Wastewater Treatment Plant Improvements	005	2005	\$ 6,000,000	80%
11	Pima County Wastewater Management Dept.	933,000	Ina Road Central Plant and Electrical Upgrade	014	2005	\$ 12,000,000	75%
12	Buckskin Sanitary District	2,500	Wastewater System Improvements - Phase II	026	2005	\$ 325,000	75%
13	Buckskin Sanitary District	2,500	Wastewater System Improvements - Phase III	027	2005	\$ 250,000	75%
14	Pima County Wastewater Management Dept.	933,000	Roger Road WWTP Rehabilitation	013	2005	\$ 20,000,000	75%
15	Pima County Wastewater Management Dept.	933,000	New Marana WWTP Expansion	018	2005	\$ 11,464,612	75%
16	Pima County Wastewater Management Dept.	933,000	Santa Cruz Interceptor:Price to Franklin	012	2005	\$ 25,487,500	75%
17	Pima County Wastewater Management Dept.	933,000	Ina Road WPCF: Laboratory and Office Building	022	2005	\$ 9,000,000	75%
18	Pima County Wastewater Management Dept.	933,000	Mount Lemmon Sewage System	017	2005	\$ 7,200,000	75%
19	Tucson Water	408,865	Campbell / Drexel Reclaimed Transmission Main, Phase II	025	2005	\$ 2,500,000	80%
20	Pima County Wastewater Management Dept.	933,000	Tanque Verde Interceptor - Craycroft to Tucson Country Club	021	2005	\$ 8,520,000	80%
21	Pima County Wastewater Management Dept.	933,000	Roger Road WWTP to Ina Road WPCF: Plant Interconnect	019	2005	\$ 23,000,000	80%
22	City of Flagstaff	60,988	Wastewater Improvements	001	2005	\$ 23,100,000	80%

Arizona's Clean Water Revolving Fund
2005 Funding Cycle – Priority List for Clean Water Revolving Fund
December 2, 2004

Rank	Applicant	Population	Project Title	Project #		Amount Requested	Subsidy Rate Index
23	Pima County Wastewater Management Dept.	933,000	Water Reclamation Facilities	015	2005	\$ 4,000,000	80%
24	Pima County Wastewater Management Dept.	933,000	Conveyance System Rehabilitation and Repair	020	2005	\$ 15,000,000	80%
25	Pima County Wastewater Management Dept.	933,000	Marana Regional Airport Sewer Connection	023	2005	\$ 2,800,000	80%
26	Pima County Wastewater Management Dept.	933,000	Arivaca Junction WWTF Sewer Extension	024	2005	\$ 422,600	80%
27	City of Phoenix	1,480,187	Sanitary Sewer Replacement and Relief Program	009	2005	\$ 45,000,000	90%
28	Town of Cave Creek	4,100	Wastewater Treatment Plant Expansion	028	2005	\$ 25,000,000	90%
29	Pinetop-Lakeside Sanitary District	15,000	Jacques Marsh Expansion	006	2005	\$ 100,000	85%



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Exhibit B:

2005 Funding Cycle Fundable Range for Design

Arizona's Clean Water Revolving Fund

Governor Janet Napolitano
WIFA Chairman Stephen A. Owens
WIFA Executive Director Jay R. Spector

Arizona's Clean Water Revolving Fund
2005 Funding Cycle – Fundable Range for Design Financial Assistance
December 2, 2004

Fundable Range	Rank	Rank Applicant	Project Title	Project #	Amount Requested	Subsidy Rate Index
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Exhibit C:

2005 Funding Cycle Fundable Range for
Construction

Arizona's Clean Water Revolving Fund

Governor Janet Napolitano
WIFA Chairman Stephen A. Owens
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**Arizona's Clean Water Revolving Fund
2005 Funding Cycle -- Fundable Range for Construction Financial Assistance
December 2, 2004**

Rank	Applicant	Project Title	Project #		Amount Requested	Subsidy Rate Index
1	Lake Havasu City	Wastewater System Expansion	011	2005	\$ 55,145,645	75%
6	Pima County Wastewater Management Dept.	Ina Road WPCF: Denitrification	016	2005	\$ 17,000,000	70%
7	Country Roads	Septic System Removal and Sewer Connection	003	2005	\$ 4,500,000	75%
8	Town of Florence	WWTP Effluent Reuse	004	2005	\$ 1,000,000	75%
10	Town of Clarkdale	Wastewater Treatment Plant Improvements	005	2005	\$ 6,000,000	80%
11	Pima County Wastewater Management Dept.	Ina Road Central Plant and Electrical Upgrade	014	2005	\$ 12,000,000	75%
12	Buckskin Sanitary District	Wastewater System Improvements - Phase II	026	2005	\$ 325,000	75%
13	Buckskin Sanitary District	Wastewater System Improvements - Phase III	027	2005	\$ 250,000	75%
14	Pima County Wastewater Management Dept.	Roger Road WWTP Rehabilitation	013	2005	\$ 20,000,000	75%
15	Pima County Wastewater Management Dept.	New Marana WWTP Expansion	018	2005	\$ 11,464,612	75%
16	Pima County Wastewater Management Dept.	Santa Cruz Interceptor:Price to Franklin	012	2005	\$ 25,487,500	75%
17	Pima County Wastewater Management Dept.	Ina Road WPCF: Laboratory and Office Building	022	2005	\$ 9,000,000	75%
18	Pima County Wastewater Management Dept.	Mount Lemmon Sewage System	017	2005	\$ 7,200,000	75%
20	Pima County Wastewater Management Dept.	Tanque Verde Interceptor - Craycroft to Tucson Country Club	021	2005	\$ 8,520,000	80%
21	Pima County Wastewater Management Dept.	Roger Road WWTP to Ina Road WPCF: Plant Interconnect	019	2005	\$ 23,000,000	80%
22	City of Flagstaff	Wastewater Improvements	001	2005	\$ 23,100,000	80%
23	Pima County Wastewater Management Dept.	Water Reclamation Facilities	015	2005	\$ 4,000,000	80%
24	Pima County Wastewater Management Dept.	Conveyance System Rehabilitation and Repair	020	2005	\$ 15,000,000	80%
25	Pima County Wastewater Management Dept.	Marana Regional Airport Sewer Connection	023	2005	\$ 2,800,000	80%
26	Pima County Wastewater Management Dept.	Arivaca Junction WWTF Sewer Extension	024	2005	\$ 422,600	80%



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Exhibit D:

Public Review and Comment Summary

Arizona's Clean Water Revolving Fund

Governor Janet Napolitano
WIFA Chairman Stephen A. Owens
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SECTION 1: SUMMARY OF COMMENTS FROM PUBLIC HEARINGS AND PUBLIC MEETINGS

A public hearing was conducted in Phoenix at 1110 W. Washington Avenue, Room 250 beginning at 10 a.m. on Tuesday, November 16, 2004. Members of the public present:

Waseem Kuan, Miller Brooks Engineering, Inc.
Paul Bennett, Pima County Wastewater Management
Glen E. Peterson, Pima County Wastewater Management
Jonathan Bernreuter, WIFA
Angelica Martinez, WIFA
Christina Worden, WIFA

Below are the written comments provided at the November 16, 2004 public hearing:

Paul Bennett, Pima County Wastewater Management
Support efforts and projects listed and within the fundable range.

The Board of Directors approved and adopted the Final CWRP Intended Use Plan, Final Priority List, Final Fundable Range for Design and Fundable Range for Construction at a **public meeting** on Wednesday, Dec. 8, 2004.

A public review and written comment period for the Final CWRP IUP and PL was publicly advertised and conducted from November 3, 2004 through November 23, 2004. Comments were due by November 23, 2004 at 5 p.m.

Written comments from the Environmental Protection Agency, Region IX (EPA) were received during the public review and comment period. WIFA's responses are noted below.

SECTION 2: SUMMARY OF CHANGES TO THE DRAFT CWRP INTENDED USE PLAN

The **Environmental Protection Agency** (EPA) provided written comments as summarized below:

Page i, Section 1, Page 1: Effective January 2005, any new grant award workplan (in the case of the SRF, the IUP) must show how the grant support the Agency Goals and Objectives. Therefore, please add the following statements at the end of the last paragraph.

“Overall, the financial assistance and related program activities by Arizona's CWRP support the national program goal of Clean and Safe Water and the national objective to protect and improve water quality (EPA IFMS PRC: 202B80E).”

Staff Response: Staff included the reference at the end of the paragraph.